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**CHARLES D. BAKER**  
GOVERNOR

**KARYN E. POLITO**  
LIEUTENANT GOVERNOR

January 26, 2022

To the Honorable Senate and House of Representatives,

We are pleased to submit to you the Fiscal Year 2023 (FY23) House 2 budget recommendation, the eighth proposal of the Baker-Polito Administration.

This balanced budget recommendation continues to protect core services for the most vulnerable and makes significant investments to promote growth and opportunity while sustaining our administration's commitment to supporting the Commonwealth's cities and towns and fully funding the Student Opportunity Act.

This budget is submitted alongside a comprehensive tax relief proposal that will relieve the tax burden for very low-income residents, provide significant relief for housing and childcare costs, and improve the state's competitiveness.

The House 2 proposal maintains our administration's fiscally responsible approach to carefully managing the state's tax dollars and available federal resources as it responds to ongoing impacts from the COVID-19 pandemic. As these needs continue to be addressed, this budget proposal aims to define and pay for core, ongoing state spending with permanent revenue sources. At the same time, we will continue to work with you to utilize federal funds and state surplus dollars through other legislation to support Massachusetts' families and communities and promote a strong and sustainable recovery.

The budget includes a \$749 million increase to the Stabilization Fund, which will bring the balance to an all-time high of \$6.64 billion by the end of FY23. The fund currently has a balance of \$4.64 billion – more than four times greater than its balance at the start of our administration. We are proud of our collaborative work with the Legislature to bring the budget into structural balance, which has enabled the Stabilization Fund to continuously grow since 2015 and will help ensure the continuity of critical government services in future crises.

The Administration recommends a total of \$48.5 billion in authorized spending and transfers, which is approximately 0.5% above Fiscal Year 2022 (FY22), excluding transfers to the Medical Assistance Trust Fund.

In keeping a commitment first made when we took office, this budget proposal increases support to cities and towns at the same rate of growth of revenues, providing \$1.2 billion in Unrestricted General Governmental Aid (UGGA). This funding level reflects a 2.7% increase, consistent with the expected consensus tax revenue growth forecast as announced on January 14, 2022. House 2 supports programs that provide all 351 cities and towns opportunities to access resources to improve local services for residents, including \$6 million for Community Compact-related programs and \$3 million for district local technical assistance.



Further, the budget recommends fully funding the Student Opportunity Act, providing an increase of \$591.4 million in new funding. This includes an increase of \$485 million in Chapter 70 funding, for a total investment of \$5.989 billion, an increase of \$64.8 million for charter school tuition reimbursement, and \$41 million in additional support for special education circuit breaker reimbursement for cities and towns. House 2 also includes \$31.1 million to scale up proven programs that develop and expand college and career pathways for high school students, with a focus on equity and recruitment of high-need student populations.

To address the rising cost of higher education, this budget proposes the largest increase in financial aid in over two decades with the expansion of the MASSGrant Plus program. A proposed \$18 million increase will enable all low-income, in-state undergraduate students to attend public higher education without incurring debt for mandatory tuition and mandatory fees. The budget also maintains support for the Career Technical Initiative, which offers industry-recognized credentialing opportunities in vocational technical school settings to high school students and adults, providing career pathways to high-demand trades.

To continue promoting racial equality and opportunity, the budget continues support for programs aligned with the recommendations of the Black Advisory Commission (BAC) and the Latino Advisory Commission (LAC), including programs for workforce skills, career pathways, English-language acquisition, small business development, and more.

Increasing access to childcare is also a priority of our administration, and the FY23 proposal includes \$53.9 million to annualize a more equitable parent fee scale that improves childcare affordability across the Commonwealth, along with over \$15 million in other new initiatives to expand affordable childcare options.

Since taking office, we have been focused on supporting more housing production across Massachusetts, directing significant funds toward the production of more affordable and workforce housing units. Building on that commitment, this budget includes significant investments and policy reforms for rental assistance, re-housing benefits, and housing vouchers with the goal of reducing evictions and shelter entry. An increase of \$132.4 million across several housing programs paired with proposed changes to expand eligibility and increase benefits will allow for long-lasting improvements in housing stability and access to homeownership and expedite recovery for families whose need has been exacerbated by the COVID-19 pandemic.

Investments are also proposed in House 2 to expand health care services for the most vulnerable, while improving the accessibility of equitable care for all residents. The budget proposes an increase of \$21 million to further expand the Medicare Savings Program to reduce out-of-pocket prescription drug costs for 34,000 low-income older adults and disabled individuals. The budget also includes \$115 million to expand outpatient and urgent behavioral health services, informed by the Roadmap for Behavioral Health Reform, which was developed in collaboration with hundreds of families, individuals, providers, and other stakeholders from the behavioral health community. The budget continues to support core social safety net programs and services for MassHealth members, children and families, individuals with disabilities, veterans, and older adults.

House 2 continues to invest in other critical priorities exacerbated by the COVID-19 pandemic, including \$543.8 million for substance addiction prevention and treatment services and \$123.4 million for sexual assault and domestic violence services.

With the FY23 budget recommendation, our administration is also continuing strong support for economic development, workforce training, transportation, the environment, and public safety.

For the past seven years, our administration has focused on making investments that help Massachusetts' families and communities grow and thrive. Through careful management of the



Commonwealth's tax dollars in partnership with the Legislature, we have been able to grow the Stabilization Fund to historic levels, without broad-based tax increases on residents.

Our administration's FY23 budget proposal sustains this approach, making key investments to support the Commonwealth's economy, schools, and communities. At the same time, this plan continues to build up the state's reserves and enables us to propose a comprehensive tax cut proposal targeted toward providing relief to low-income families and residents.

We are pleased to again partner with the House and Senate as the FY23 budget process moves forward. We appreciate your prompt consideration of these recommendations.

Sincerely,



Charles D. Baker  
Governor



Karyn Polito  
Lieutenant Governor







### Fiscal Overview

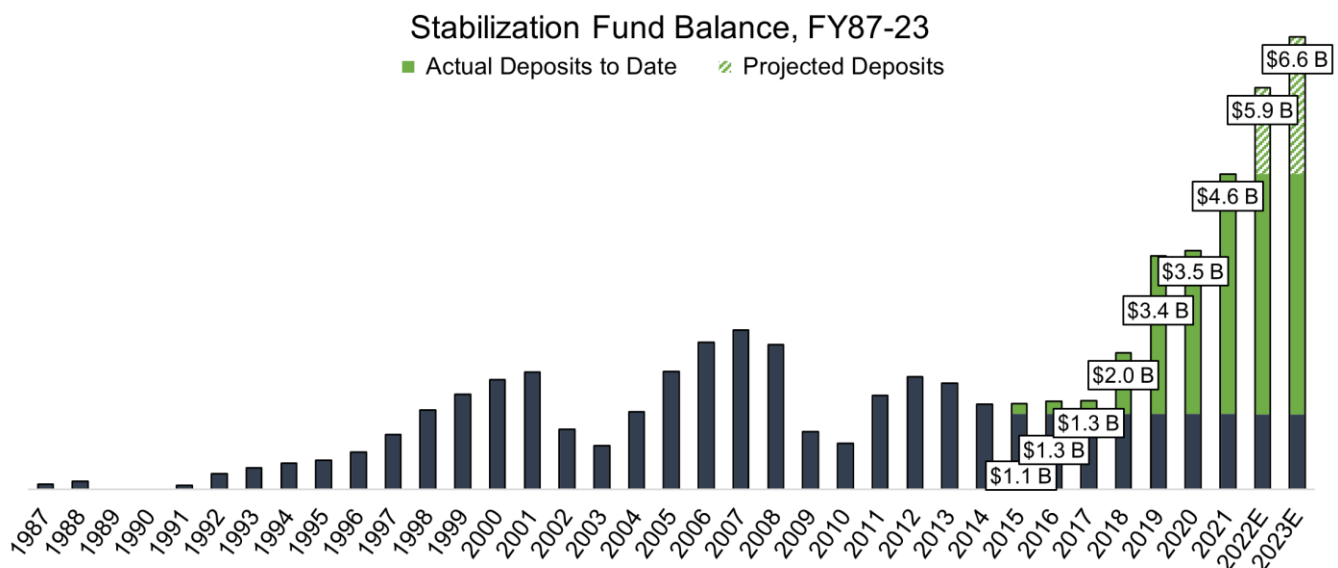
The Baker-Polito Administration's Fiscal Year 2023 (FY23) budget proposal, filed as House 2, builds upon the Administration's accomplishments and progress over the last seven years, promoting growth and opportunity while maintaining a fiscally responsible budget that prepares Massachusetts for the future.

The plan provides funding to support several key areas, including economic growth, education, health care, transportation, housing, workforce development, substance addiction treatment and prevention, behavioral health, the environment, and support for local communities. House 2 makes these important investments without raising taxes and while building the Commonwealth's reserves to historic levels. This budget proposal is accompanied by a tax cut proposal that will relieve the tax burden for very low-income residents, provide significant relief for housing and childcare costs, and improve the state's competitiveness.

Throughout the past two years, the Administration has carefully managed the Commonwealth's tax dollars and available federal resources to address a variety of one-time and permanent needs that have arisen in the context of the COVID-19 pandemic. This budget proposal aims to define and pay for core, ongoing state spending with permanent revenue sources, while the Administration continues to optimize the use of available resources, including funding authorized through the American Rescue Plan Act (ARPA) and other legislation drawing on federal and state surplus dollars, to respond to immediate needs resulting from the pandemic.

Through fiscally responsible policies and in close collaboration with the Legislature, the Baker-Polito Administration has brought the budget into structural balance and built up financial reserves to historic high levels. With a current balance of \$4.64 billion, the Stabilization Fund is already more than four times greater than its balance at the start of the Administration.

The House 2 budget projects that the Stabilization Fund will further grow to an all-time high of \$6.64 billion by the end of FY23, resulting from transfers primarily made up of excess capital gains in FY22 and FY23. These projected deposits reflect a structural surplus that protects the budget from volatile revenues and enables the Stabilization Fund to remain a strong backstop that will ensure the continuity of critical government services in future crises.





House 2 recommends a total of \$48.5 billion in authorized spending and transfers, excluding the Medical Assistance Trust Fund transfer, which is approximately 0.5% above Fiscal Year 2022 (FY22).

The proposed budget is based on the \$36.915 billion consensus tax revenue estimate, which anticipates a 2.7% growth in total collections over revised FY22 tax estimates.

The recommendation incorporates a \$3.744 billion pension transfer, an increase of \$329 million above FY22, keeping to the current pension schedule. The budget also proposes a supplemental pension transfer of \$250 million. With these investments, the final scheduled amortization payment toward the unfunded pension liability would be made in Fiscal Year 2036, four years earlier than the statutory requirement.

House 2 accounts for the \$64 million cost of implementing the updated tax deduction for charitable giving that over two-thirds of Massachusetts voters approved in 2000, which would provide important support for front-line organizations that have supported vulnerable families and communities throughout the pandemic. It also anticipates \$35 million in revenue from a proposal filed by the Baker-Polito Administration to permit people in Massachusetts to wager on professional sports.

### **Tax Relief Proposal to Support Massachusetts Families and Maintain Competitiveness**

Alongside House 2, the Baker-Polito Administration is filing a comprehensive tax proposal to provide relief for housing and childcare costs, lessen the tax burden for hundreds of thousands of low-income taxpayers, and maintain Massachusetts' competitiveness. The Commonwealth's exceptionally strong fiscal condition makes this proposal affordable, and it will allow nearly \$700 million to remain in the hands of taxpayers on an annual basis starting immediately in tax year 2022.

The plan will double the maximum Senior Circuit Breaker Credit for more than 100,000 lower-income homeowners and renters aged 65 and older. Doing so will lessen their overall tax burden and further offset property tax payments for low-income seniors. The credit is adjusted annually for inflation and in 2021, this change would have raised the credit to \$2,340. For those claiming a rent deduction on their returns, the Administration proposes to increase the cap on the deduction from \$3,000 to \$5,000, allowing Massachusetts renters to keep approximately \$77 million more annually.

For Massachusetts families with dependents, this tax relief proposal will double the dependent care credit to \$480 for one qualifying individual and \$960 for two or more, resulting in significant savings for working families. For those claiming the household dependent care credit, rates will also double to \$360 for one qualifying individual and \$720 for two or more. Both adjustments will allow more than 700,000 Massachusetts families to retain a total of \$167 million that families could put toward critical individual needs like paying for childcare.

The Administration's tax relief proposal also seeks to increase the adjusted gross income thresholds for "no tax status" to \$12,400 for single filers, \$24,800 for joint filers, and \$18,650 for head of households. Doing so will align the Commonwealth with the federal government and provide direct relief to more than 234,000 low-income Massachusetts filers.

The proposal also seeks to maintain Massachusetts' competitiveness through two additional measures. Massachusetts is one of only seventeen states and the District of Columbia with some form of an estate or inheritance tax. At \$1 million, the Commonwealth is tied with Oregon for the least competitive and lowest dollar exemption threshold in the country. The bill includes a proposal to double the threshold and eliminate the current "cliff effect" that taxes the full amount below the threshold. Similarly, the Commonwealth's 12% tax on short-term capital gains is markedly uncompetitive compared to the rest of the country. In 2019, more than 150,000 filers from every income level paid the tax, more than 61,000 of whom had incomes below \$112,000. The bill proposes to treat short-term capital gains the



same as other income (5%) which will align the Commonwealth with most other states and make Massachusetts a more attractive place to live.

## **Budget Highlights**

### **SUPPORTING LOCAL GOVERNMENT**

Since 2015, the Baker-Polito Administration has partnered closely with local cities and towns to work towards the shared goals of promoting growth and meeting the needs of residents in communities across Massachusetts. The Administration's commitment to this partnership remains strong and is reinforced by significant local aid support in the FY23 budget.

Keeping a commitment made by Governor Baker and Lt. Governor Polito at the outset of their administration, this proposed budget again supports an increase in unrestricted general government aid (UGGA) that is consistent with the expected 2.7% growth in tax revenue. The budget recommendation includes a \$31.5 million increase for cities and towns, for a total UGGA investment of \$1.2 billion. Total annual UGGA has increased by \$253.9 million since 2015 and the Baker-Polito Administration has funded increases every year since taking office, reliably supporting its municipal partners across the Commonwealth.

Shortly after coming into office, the Administration established the Community Compact Cabinet to strengthen the relationship between the state and local municipalities and to provides cities and towns with meaningful resources to help them effectively deliver services to the Commonwealth's residents.

Chaired by Lieutenant Governor Polito, the Community Compact program has engaged with all 351 Massachusetts cities and towns and has provided more than \$35.9 million in operating and capital grants to hundreds of municipalities over six years to fund improvements to local operations, programs and service delivery, and infrastructure.

The House 2 budget provides \$6 million for the Community Compact program, an increase of \$2.4 million (66%) above FY22. This funding will increase support for cities and towns working to develop best practices across a wide range of municipal areas, from improving financial management to enhancing public accessibility. The budget also includes \$4.8 million for the Public Safety Staffing Grant Program managed by the Executive Office of Public Safety and Security and \$3 million for district local technical assistance.

### **EDUCATION**

The Administration's commitment to upholding Massachusetts' legacy of excellence in public education remains as strong as ever, and the FY23 budget continues to support local schools with record levels of investment to ensure that all students have access to education resources and opportunities they need to succeed.

Since taking office in 2015, the Administration has substantially increased funding for local school districts, a commitment that it built on by approving and funding the Student Opportunity Act. The law codified changes to the school funding formula and other rate changes that are on schedule to be fully implemented in FY27. It also commits the Commonwealth to fully reimbursing out-of-district transportation costs for special education students over a four-year timeline, and fully funding charter school reimbursements over three years.

In the House 2 budget, an increase of \$591.4 million is recommended to fully fund the Student Opportunity Act. This investment includes an increase of \$485 million in Chapter 70 funding, for a total



of \$5.989 billion supported – an increase of \$1.588 billion (36%) in Chapter 70 aid since 2015. All operating school districts in the Commonwealth will receive additional funds through this increase, with low-income districts receiving the largest share.

The FY23 proposal also includes a \$41 million increase over FY22 for special education circuit breaker reimbursement for cities and towns, and a \$64.8 million increase in charter school reimbursement funding, which includes an increase to the per-pupil capital facilities component of the charter school tuition rate from \$938 to \$1,088, reflecting accumulated inflation since the \$938 baseline was established.

The Baker-Polito Administration took action to support special education schools in FY22 as they dealt with impacts of the COVID-19 pandemic, directing approximately \$80 million in federal ARPA funding to relieve severe direct care and clinical staffing shortages. In the coming weeks, the Administration plans to file for additional funding to continue this support through FY23 to ensure that these schools are able to safely provide residential and day education services to approximately 7,000 children between the ages of 3 and 21.

In addition to Chapter 70 funding, House 2 recommends \$952.8 million in total funding for the Department of Elementary and Secondary Education.

The recommendation includes \$31.1 million to scale up proven programs that develop and expand college and career pathways for high school students, with a focus on equity and recruitment of high-need student populations. This \$12 million increase above FY22 will expand designated Early College programs, which provide students the opportunity to earn up to 12 college credits before graduating, and designated Innovation Pathway programs, which give students coursework and experience in high-demand industries such as IT, engineering, health care, and advanced manufacturing. The FY23 funding levels would allow over 17,100 students, representing 6% of all Massachusetts high schoolers, to enroll in these programs.

### ***Early Education and Child Care***

House 2 continues the Baker-Polito Administration's investment in state-subsidized early childhood education with \$802 million in funding for the Department of Early Education and Care (EEC). Since 2015, funding has increased by \$273.9 million (52%) to promote the healthy development of all children and provide accessible, high-quality programs for families and communities.

The proposal includes \$693.7 million in funding for income-eligible and DCF- and DTA-related childcare, which incorporates \$53.9 million to annualize the implementation of a more equitable parent fee scale that improves childcare affordability across the Commonwealth. Fees are calculated as a sliding percentage of income over 100% of the federal poverty line (FPL), dependent on family size and income level, resulting in virtually all families paying a fee that is 7% of their income or less.

The budget proposes additional expansions to childcare programs across the budget, with the goal of increasing affordability and access, including:

- \$9.2 million across the Department of Transitional Assistance (DTA) and EEC that would provide childcare subsidy access for individuals participating in Supplemental Nutrition Assistance Program (SNAP) Employment and Training programming, which will better position recently employed individuals to fully re-engage and participate in the workforce.
- \$5.5 million across the Department of Children and Families (DCF) and EEC to increase enrollment of DCF-involved children in childcare and expand a temporary childcare program to reach more children and provide additional wraparound services.



The Administration plans to file for further funding in the coming weeks for early education and care providers to support childcare workers and help sustain day-to-day program operations despite enrollment fluctuations and ensure the continued availability of care in under-resourced communities throughout FY23. The extension of this initiative is a critical part of the Administration's strategy to help people get back to work.

### ***Higher Education and College Readiness***

House 2 provides the Department of Higher Education (DHE), the University of Massachusetts, and state universities and community colleges a \$1.45 billion investment to deepen support for college readiness, affordability, and degree completion. This includes a total of \$34.6 million to fully fund the cost of all recently ratified collective bargaining agreements.

The budget proposal includes more than \$155 million in financial aid grants, including \$18 million to support an expansion of the MASSGrant Plus program that will enable all low-income, in-state undergraduate students to attend public higher education without incurring debt for mandatory tuition and mandatory fees. This is the largest increase in financial aid in over two decades and represents a \$62 million (67%) increase since 2015.

The proposed funding level also includes \$22 million in financial aid for Massachusetts students attending private institutions and \$8.8 million for foster care financial aid and fee waiver programs to maintain support for over 1,400 students attending private and public campuses who are currently or were previously in DCF custody and care, or who have been adopted through DCF.

Alongside these investments, the Administration is taking additional steps to address the increasing cost of post-secondary education, including a recently launched strategic finance project that will analyze the current state of the public higher education funding system and make recommendations for reform. These recommendations will serve as an important basis for the deliberations of the Higher Education Affordability Task Force, established in the FY22 GAA, which will begin this spring.

## **HOUSING AND HOMELESSNESS**

Since taking office in 2015, the Baker-Polito Administration has invested more than \$1.6 billion in the affordable housing ecosystem, resulting in the production and preservation of more than 24,000 housing units, including over 21,000 affordable units. In 2018, Governor Baker signed the largest housing bond bill in Massachusetts history, committing more than \$1.8 billion to the future of affordable housing production and preservation. Last year, Governor Baker signed the Administration's Housing Choice legislation into law, ushering in key changes necessary for increased housing production with targeted zoning reforms that better enable municipalities to adopt the zoning measures needed to meet the state's housing needs.

Over the last two years, the COVID-19 pandemic has intensified the state's existing housing challenges and brought further economic instability for many residents across the Commonwealth, underscoring the importance of the Administration's focus on expanding access to housing for all communities.

In House 2, the Baker-Polito Administration is putting a renewed focus on interventions that will help prevent evictions and shelter entry with historic investments in rental assistance, re-housing benefits, and housing vouchers. A proposed increase of \$132.4 million above the FY22 GAA paired with policy reforms across several key programs in the FY23 budget proposal will expedite recovery for families in need and create long-lasting improvements in housing stability and access to homeownership.

Building on the Eviction Diversion Initiative (EDI), which has already distributed more than \$500 million in state and federally funded rental assistance to individuals, families, and landlords in crisis, House 2



significantly expands state funding and eligibility for the Residential Assistance for Families in Transition (RAFT) and HomeBASE programs, with the goal of reducing evictions and homelessness. These programs are core components in the strategy to support the most vulnerable households, and these changes will increase resources and flexibility for program participants.

House 2 recommends a \$58 million (264%) increase in funding for RAFT, which will make permanent a benefit limit increase to \$7,000 over 12 months, versus \$4,000 pre-pandemic, and serve an estimated 15,000 households, up from 5,000-6,000 previously. The recommendation would also focus on aiding households before they face eviction by expanding eligibility to households who have not yet had an eviction filing, helping them avoid an eviction record and potential credit and rental history that can harm future housing prospects. Prior to the pandemic, this program operated annually with a budget of approximately \$20 million.

The budget recommends a \$30.9 million (119%) increase in funding for HomeBASE, a significant investment that will allow the program to serve more than 4,100 families in FY23, versus a projected 1,885 in FY22. It will also support an increase to the maximum benefit from \$10,000 over one year to \$20,000 over two years, which will allow for more extensive and flexible support to households.

In an effort to further improve core programs through the Department of Housing and Community Development (DHCD), House 2 also proposes reforms to the Massachusetts Rental Voucher Program (MRVP) to maximize utilization of mobile vouchers and align benefits with federal rental assistance programs operated by the same local housing authorities. The reforms include a reduction in tenant rent share from 40% to 30%, which is projected to benefit more than 9,000 households across the Commonwealth, and a shift to a new payment model that will give families more choice and flexibility in their housing decisions. \$145.6 million is projected to be available for MRVP in FY23, an increase of 223% since FY15.

These investments will work alongside more than \$620 million in authorized state and federal ARPA funds allocated to increasing the availability of quality, affordable housing and supporting homeownership over the next five years, specifically targeted to support communities of color as a way to build wealth.

The FY23 budget also includes the following housing investments:

- \$213.2 million, a \$16.2 million (8%) increase above FY22, for Emergency Assistance Family Shelters
- \$85 million in funding for local housing authorities
- \$83.3 million, a \$25.4 million (44%) increase above the FY22 GAA, for Homeless Individual Shelters
- \$12.5 million for the DMH Rental Subsidy Program, a collaborative program through which DMH provides mental health services and DHCD provides rental assistance
- \$8.2 million for Housing Consumer Education Centers to help renters and homeowners secure and maintain stable housing
- \$5 million to continue an innovative model to create new housing opportunities with wraparound services for chronically homeless individuals

## **ECONOMIC DEVELOPMENT**

The Baker-Polito Administration has worked to strengthen the Massachusetts economy since taking office, and it continues to take action to support the resiliency of businesses and communities impacted by the COVID-19 pandemic.



In the fall of 2020, the Administration launched a COVID-19 business relief program that distributed over \$700 million in direct cash grants to more than 15,400 businesses across the Commonwealth. This program – the largest per capita state-sponsored business relief program in the nation – prioritized aid for specific economic sectors and demographics known to be the most impacted by the COVID-19 pandemic and worked with a wide range of partners to ensure businesses that needed it most applied to the program.

Over the duration of the program, 43% of grants were awarded to minority-owned businesses, and 46% went to women-owned businesses. One-third of the total program funding, about \$224 million, benefited the hard-hit restaurant and bar industry, while \$91 million was distributed to operators of personal services like hair and nail salons and \$62 million was awarded to independent retailers.

The FY23 budget builds on this support for Massachusetts communities and businesses, continuing the Administration's focus on promoting opportunity and equity, while phasing out various one-time COVID-19-related spending in areas that will be supported by federal resources.

House 2 includes \$4 million for the Small Business Technical Assistance Grant Program to help an estimated 1,500 to 2,000 entrepreneurs and small businesses, especially those owned by women, immigrants, veterans, and people of color, and \$7.5 million for the Community Empowerment and Reinvestment Grant program to support development in socially and economically disadvantaged communities. The ARPA bill signed by Governor Baker in December 2021 provides an additional \$75 million for business assistance.

House 2 also includes a \$10 million appropriation for the Massachusetts Life Sciences Center, a quasi-public agency tasked with building the life sciences community in Massachusetts. Historically this account has relied on uncertain budget surplus funds – this new direct line item appropriation will assure greater predictability as the Center continues its important work.

The Baker-Polito Administration maintains its commitment to growing a skilled manufacturing workforce with \$2.5 million for Advanced Manufacturing Training. House 2 also continues support for the Urban Agenda Program, which was created in 2015 as a tool to better support Gateway Cities and Black and Latino populations through locally led entrepreneurship mentoring, workforce training, and economic development initiatives. The Urban Agenda Program is part of the Community One Stop for Growth, a unified and streamlined application for community and economic development grant programs offered by the Executive Office of Housing and Economic Development, DHCD, and MassDevelopment, now in its second year.

## **LABOR AND WORKFORCE DEVELOPMENT**

The Baker-Polito Administration has prioritized addressing gaps in the workforce and building job training programs to help meet the demands of the Commonwealth's growing industries and support job stability for all workers.

While the COVID-19 pandemic continues to disrupt a wide range of industries and prolong instability for businesses and employees, connecting the unemployed and underemployed to jobs and creating accessible pathways to high-value careers is key to economic recovery. Last summer, the Administration published a Future of Work Report that determined that upwards of 300,000-400,000 workers would need to change occupations or industries over the next decade as a result of the changes brought on by the pandemic. These conclusions underscore the importance of the Administration's proven job-training programs, which are supported by investments in House 2.

Across the FY23 budget, \$440.1 million in total funding is allocated to workforce development programs and initiatives across a wide range of state agencies, a \$191.3 million (77%) increase since the



Administration took office in 2015. These investments will work in tandem with more than \$200 million in federal ARPA funding for reemployment and job training programs.

House 2 maintains support for the Career Technical Initiative, providing \$17.9 million in total funding across EOLWD and the Department of Elementary and Secondary Education (DESE). The Career Technical Initiative connects more residents, including adults, with skill-building programming at vocational technical high schools, further leveraging capital investments the Administration has made in these schools over the past seven years. The initiative is designed to address the worker shortage and skills gap in trades and technical fields, including plumbing, HVAC, manufacturing, and robotics. It offers industry-recognized credentialing and provides pathways to high-demand vocational trades with training aligned to apprenticeships and post-secondary degrees. An infusion of an additional \$25 million from the ARPA bill will support the expansion of the Career Technical Initiative across the Commonwealth based on demand and workforce needs.

House 2 includes \$16.2 million for the YouthWorks Summer Jobs Program, complemented by an additional \$25 million in ARPA funding, to subsidize summer job opportunities and provide soft job skills education for youths ages 14-21 and at or below 130% of the Federal Poverty Level (FPL).

The budget proposal establishes a new \$600,000 appropriation to fund the Department of Economic Research, which will expand EOLWD's research and analytics capabilities to enhance data-driven workforce development strategies.

## HEALTH AND HUMAN SERVICES

Over the last seven years, the Baker-Polito Administration has invested significantly in a wide range of health and human services to support the safety and well-being of individuals and families throughout the Commonwealth. The FY23 budget builds on these investments, ensuring meaningful health care reforms that expand services for and reduce the burden on the most vulnerable, while improving the accessibility of equitable, world class care for all Massachusetts residents.

As Massachusetts continues to respond to the ongoing impacts of the pandemic through its nation-leading vaccination program and other efforts, this budget proposal also focuses on preparing the health care system for the future so it can best serve the people and families of the Commonwealth. In particular, the plan aims to increase access to behavioral health services, address continued substance addiction challenges, and support the Commonwealth's children, families, older adults, and veterans through a variety of services.

House 2 provides \$25.78 billion for the Executive Office of Health and Human Services (EOHHS), excluding supplemental payments to hospitals, a \$709 million (-3%) decrease below the FY22 GAA. The overall decrease in spending versus FY22 is driven by the incorporation of the anticipated end of the federal Public Health Emergency, which will result in a significant gross spending decrease in the MassHealth program as routine redeterminations resume and caseloads decrease from all-time highs.

The FY23 budget continues the Baker-Polito Administration's ongoing commitment to human service programs, recommending \$230 million for Chapter 257 human service provider rates. Including this funding, the Administration will have provided more than \$800 million to support human service providers' ability to hire and retain direct care and clinical staff through the Chapter 257 appropriation since 2015.

### ***MassHealth***

MassHealth currently offers health care coverage to approximately 2.1 million members across Massachusetts, including more than 1.6 million low- and moderate-income children, families, and adults, and more than 500,000 people with disabilities and older adults. The FY23 budget for



MassHealth maintains affordable, equitable, comprehensive health care coverage for members without reducing benefits.

The budget recommends \$17.811 billion gross / \$7.169 billion net for MassHealth, a -\$1.857 billion (-9.4%) gross / \$273 million (4%) net change compared to FY22 spending. This recommendation reflects the expected changes resulting from the abatement of the federal COVID-19 public health emergency, including the resumption of routine eligibility redeterminations and the end of the enhanced Federal Medical Assistance Percentages. These percentage rates determine the federal share of funding for certain health care and social services and were increased in response to the COVID-19 public health emergency, providing more than \$2 billion in additional revenue over the last two years.

The proposal supports several major initiatives that MassHealth will undertake in FY23 to strengthen services and bring cost savings to members, including: expanding home and community-based services using enhanced ARPA funding; continued restructuring of the care delivery system through the renewal of the federal 1115 waiver; expanding access to behavioral health services through implementation of the Behavioral Health Roadmap; and expanding the Medicare Savings Program to reduce prescription drug costs for low-income seniors.

In addition, House 2 proposes an outside section that will allow MassHealth to build on its success in directly negotiating rebate agreements for certain medical supplies and drugs. This negotiation authority, originally passed in 2019, has resulted in more than \$170 million in annual savings to MassHealth thus far, and outside sections in House 2 would expand this authority to allow negotiations for additional drug and certain non-drug products not currently included.

The budget also includes a proposal to restructure MassHealth's hospital assessment package to significantly expand investments in acute care hospitals, preserve critical payments to safety net hospitals, and ensure ongoing sustainability for all hospitals. The updated assessment, which has been endorsed by all hospitals in the Massachusetts Health and Hospital Association, would raise \$710 million in net funding that would be allocated to quality and health-focused performance-based incentive payments, increased safety net provider payments, and Medicaid hospital base rate increases.

### ***Behavioral Health***

The Baker-Polito Administration is implementing critical health system reforms focused on expanding access to behavioral health treatment, improving care, and increasing equity. Informed by the Roadmap for Behavioral Health Reform, a multi-year blueprint based on listening sessions and feedback from nearly 700 individuals, families, providers, and other stakeholders, the FY23 budget recommendation for MassHealth addresses longstanding behavioral health challenges that have been further exacerbated by the COVID-19 pandemic.

House 2 includes \$115 million to expand outpatient and urgent behavioral health services and connect people with the treatment they need, when and where they need it. Notably, reforms built into the House 2 recommendation include:

- A new, centralized, staffed access line available 24/7 to all residents of the Commonwealth to provide live support, clinical assessment, and connection to the right mental health and addiction treatment in real time. The access line will deploy around-the-clock mobile crisis intervention through trained community behavioral health providers
- Increased availability of outpatient evaluation and treatment, including expanding access to mental health and addiction services available through primary care, supported by new reimbursement incentives, and options for same-day evaluation and referral to treatment, evening/weekend hours, timely follow-up appointments, and evidence-based treatment in



person and via telehealth at designated Community Behavioral Health Centers (CBHCs) throughout the Commonwealth

- Community-based alternatives to the emergency department for urgent and crisis intervention services, including urgent care at CBHCs and other community provider locations and a stronger system of 24/7 community and mobile crisis intervention

These investments would be supported in part by a proposed assessment of surcharge payors, which would generate up to \$33.7 million per year. Funds would be deposited into a new Behavioral Health Access and Crisis Intervention Trust fund, which in combination with other state resources would serve as a sustainable source of funding to support payer-agnostic behavioral health services.

### ***Substance Addiction Prevention and Treatment***

Addressing the opioid crisis and expanding access to substance addiction services has been a priority of the Baker-Polito Administration since taking office.

Working closely with the Legislature, the Administration has nearly quadrupled funding for these purposes since 2015. House 2 provides \$543.8 million in total funding in across multiple agencies for a wide range of harm reduction, treatment, and recovery programs that support individuals struggling with substance addiction and programs that work to prevent substance addiction through education, prescription monitoring, and more.

This funding includes a total of \$184.1 million for a variety of treatment and prevention services at the Department of Public Health, \$31 million for inpatient treatment beds operated by the Department of Mental Health, \$260 million through a Section 1115 Substance Use Disorder (SUD) waiver from the federal government, \$2.7 million for recovery high schools, and \$65.9 million across public safety and law enforcement agencies, primarily for the provision of medication-assisted treatment.

These efforts have helped the Commonwealth add more than 1,200 patient treatment beds, including more than 800 beds for adults at varying treatment levels.

An additional \$400 million in federal resources appropriated in the ARPA spending legislation signed by Governor Baker in December 2021 will build upon the current investments to support behavioral health and addiction services.

### ***Public Health***

The Administration has continued to focus on the health and safety of Massachusetts residents and has been a national leader in its sustained response to the COVID-19 pandemic. This response has comprised spending initiatives, both on and off-budget and using a variety of sources, to protect residents through vaccination, sustain the Commonwealth's health care system, and reduce transmission of the virus.

Massachusetts is a national leader in COVID vaccine administration, testing, and equity. Over 6 million residents in Massachusetts have received at least one dose of the vaccine – 95% of the state's eligible population. The Administration has maintained a particular focus on supporting vaccinations in the hardest hit communities, through its \$40 million vaccine equity initiative, which focuses on the 20 hardest-hit cities and towns, based on the disproportionate impacts of the pandemic. On the testing front, Massachusetts continues to provide the most robust free testing program in the United States. Over 36 million tests have been administered across the Commonwealth and the Administration continues to support access to free testing through 40 state-supported "Stop the Spread" sites. The Administration has recently expanded access to rapid antigen tests, purchasing millions of tests for hard-hit communities and educational settings, and negotiating contracts with manufacturers to enable municipalities and other entities to purchase test kits in bulk at lower, state-negotiated prices.



House 2 recommends \$808.7 million in funding for the Department of Public Health. The recommendation maintains all core programs and services while consolidating state appropriations to increase administrative and fiscal flexibility for more effective management during public health crises.

The recommendation supports the increased cost of maintaining infection control measures and staffing necessary for clinical roles at the public health hospitals, and it includes \$10 million in grants to health departments to support municipalities' capacity to respond to the COVID-19 pandemic. An additional \$200 million in federal ARPA funding is allocated to further strengthening local and regional health systems.

### ***Children and Families***

The Baker-Polito Administration has made significant investments to improve care for the Commonwealth's most vulnerable children.

The FY23 budget funds the Department of Children and Families (DCF) at \$1.191 billion, an increase of \$363.6 million (44%) since taking office in 2015. This investment over the last six years has supported a 21% increase in the number of social workers and 53% increase in administrative and oversight positions at DCF, adding valuable clinical support and oversight and maintaining the Administration's commitment to pursuing a 15:1 weighted caseload ratio.

The budget proposes investing \$13.4 million to support families that are fostering children in DCF care and to encourage recruitment of new foster families, including:

- \$7.4 million to fund a 10% increase to foster care parents rates, prospective Adoption / Guardianship subsidies, and clothing allotments for all children in the care and custody of DCF. This increase would benefit approximately 4,500 foster families who provide care for 6,700 children.
- \$5.8 million for a 33% increase to the hourly Parents and Children Together (PACT) rate. PACT services are specialized to support families with foster child needs, tasks, or unique circumstances that require additional service hours beyond routine care.
- \$150,000 to fund \$500 bonuses to support the recruitment of new foster families, including for existing foster parents who refer new foster families and for DCF employees who become foster parents.

In combination with these proposals, the Administration plans to file for funding that will continue additional short-term assistance to families fostering children during the COVID-19 pandemic.

The budget recommendation for DCF also annualizes the cost of the new Congregate Care Network (CCNET), designed to achieve safety, permanency, and well-being outcomes for 2,000 DCF-involved children, adolescents, and young adults.

The House 2 budget recommends \$12.6 million for the Safe and Successful Youth initiative, which operates in cities with the highest incidences of youth crime and has a record of positive impact on crime and victimization rates.

The budget proposal also increases funding for Women, Infant, and Children (WIC) Nutrition Services by \$1.2 million, doubling state support for children receiving Growth and Nutrition Program services above FY22 funding levels.

### ***Caring for Older Adults***

The House 2 budget recommendation maintains the Administration's commitment to supporting older adults across the Commonwealth and ensuring their access to quality care and independence,



especially through the continued challenges of the pandemic. The budget includes \$671.9 million for the Executive Office of Elder Affairs, a \$43.8 million (7%) increase above FY22 and a \$400.1 million (147%) increase since FY15.

The House 2 budget includes an increase of \$21 million to expand the Medicare Savings Program, which helps low-income seniors and disabled individuals with out-of-pocket health care spending and reduces prescription drug costs. In FY20, the Administration broadened eligibility for this program – for the first time since the program's inception in 1966 – by increasing income limits from 135% of the federal poverty level (FPL) to 165% FPL and doubling the asset limit. House 2 proposes further increasing the income limit to 200% FPL, which would dramatically reduce out-of-pocket costs for an estimated additional 34,000 individuals.

This FY23 recommendation also includes investments to support heightened levels of need and rising caseloads, including:

- An increase of \$31.1 million above FY22 for Community Choices, which provides MassHealth-eligible elders with nursing facility levels of need with home care support
- \$42.8 million, an increase of \$6.9 million above FY22, for services to help protect older adults from abuse, neglect, financial exploitation, or self-neglect
- An increase of \$29.3 million to support increased caseload and level of need for home care services, which help home-bound seniors remain in the community
- \$22.4 million for grants to Locals Councils on Aging, a \$4.2 million (23%) increase above FY22, to incorporate the estimated increase in the number of older adults counted in the 2020 Census

House 2 also supports an increase in rates for meals served through the Senior Nutrition Program, which provides over 10 million meals annually to older adults in MA. The program has been able to pivot in response to the COVID-19 pandemic to offer contact-free and “grab and go” options, ensuring that consumers can continue to safely receive nutritious meals.

### ***Veterans***

The Baker-Polito Administration continues to invest in services to improve the well-being of veterans across the Commonwealth.

The FY23 budget provides funding for staffing and infrastructure needs supporting the safety and quality of life for veterans in the state's Soldiers' Homes. House 2 includes \$49.3 million for the Chelsea Soldiers' Home, a \$13.2 million (37%) increase above FY22, which supports the Fall 2022 opening of a new 154-bed state-of-the-art Community Living Center. The new home will feature a patient-centered space configuration and staffing model and comes with a large increase in footprint. The new facility will also expand upon the previous home's care capabilities, moving from serving only traditional long-term care residents to also being a Certified Dementia care facility. The budget recommends \$29.7 million for the Soldiers' Home in Holyoke, which ensures staffing levels sufficient to support quality care.

House 2 includes \$93.5 million for the Department of Veterans' Services, which includes funding to maintain an expansion to women's veterans outreach programs.

### ***Supporting Individuals with Disabilities***

The Baker-Polito Administration has been committed to improving employment opportunities and economic security for individuals with disabilities.

The FY23 budget supports the first full year of the new Disability Employment Tax Credit to support businesses that hire individuals with disabilities. Originally proposed in the Governor's FY21 budget



proposal, the tax credit was passed in the FY22 GAA and will be in effect for tax year 2022. The credit will provide \$5,000 per employee who works a minimum of 12 consecutive months.

The budget continues to fully fund the Turning 22 program at the Department of Developmental Services (DDS) and other agencies, supporting an incoming class of more than 1,200 young adults, and upholds the Baker-Polito Administration's commitment to support the program after decades of underfunding.

House 2 provides \$2.37 billion in support of more than 41,000 individuals with intellectual and developmental disabilities served by DDS annually, including over 10,650 in full-time residential settings.

The budget recommendation includes an increase of \$23 million to annualize rate increases for Community-Based Day Supports and Supported Employment services, redesigned in FY22 to increase options for families and support more meaningful community-based models of care. It recommends a \$5.8 million (7%) increase above FY22 for the family respite program, which will allow DDS to provide more supports to at-home caregivers. In FY22, an estimated 20,000 families will receive Family Support assistance to help manage the care of a loved one.

The FY23 budget recommends \$8.6 million for the Massachusetts Commission for the Deaf and Hard of Hearing, a 19% increase above FY22 to fund increased communication access for individuals who are deaf and hard of hearing, including ASL interpreters, Communication Access Realtime Translation (CART), and vlogs.

The recommendation includes \$27 million for the Massachusetts Commission for the Blind and \$78 million for the Massachusetts Rehabilitation Commission (MRC).

### ***Sexual Assault and Domestic Violence***

The Baker-Polito Administration has been committed to helping individuals, children, and families in the Commonwealth live a life free of sexual assault, domestic violence, and exploitation. The Governor's Council to Address Sexual Assault and Domestic Violence, chaired by Lieutenant Governor Polito, has advanced important initiatives across priority policy areas, including assessment and response, human trafficking, military veterans and families, housing stability, and self-sufficiency, as well as prevention and education.

The Administration has also continued to address these needs throughout the COVID-19 pandemic, partnering with sexual and domestic violence service providers and other stakeholders throughout the last two years to ensure survivors of sexual assault and domestic violence have access to resources.

Specific efforts included the expansion and promotion of the statewide 24/7 domestic violence hotline (SafeLink) to triage calls to local area rape crisis centers, standing up six Isolation and Recovery sites for individuals in shelters who tested positive for COVID-19, distributing personal protective equipment and cleaning supplies to providers, and creating appropriate health and safety policies for sexual and domestic violence providers.

Since coming into office, the Baker-Polito Administration has significantly increased financial support for services dedicated to the prevention and treatment of sexual assault and domestic violence. House 2 includes \$123.4 million in total funding for these services and initiatives, which represents a \$58.7 million (91%) increase since 2015.



The proposed investments in the FY23 budget include:

- \$56.1 million to support domestic violence and sexual assault prevention and survivor services through the Department of Public Health, as well as emergency and transitional residential services for survivors and their children
- \$42.9 million for the Department of Housing and Community Development to provide shelter, services, and housing assistance for individuals and families who are survivors or at risk of domestic abuse in their current living situations
- \$7.9 million for statewide sexual assault nurse examiner (SANE) programs for adults and adolescents in hospital settings and pediatric SANE programs in child advocacy centers
- \$1.9 million for DCF to support families involved in domestic violence incidents and the Sexual Abuse Intervention Network, an interagency partnership that intervenes in and investigates cases of suspected sexual and physical child abuse and provides services for survivors and family members
- \$2 million to expand services for survivors of human trafficking, including \$1 million through the Safe and Successful Youth program and \$1 million in a new appropriation in the Executive Office of Public Safety and Security
- \$1 million to fund a youth-focused grant program focused on promoting healthy relationships and preventing dating violence; the highly regarded RESPECTfully public awareness campaign reinforces this program's work across the state

## **PROMOTING EQUALITY AND OPPORTUNITY**

The Administration's FY23 budget proposal builds on its longstanding commitment to promoting equality and opportunity for communities of color. In 2018, Governor Baker established two commissions to guide the Administration's efforts to support Black and Latino residents across Massachusetts. Since that time, the Administration has continued to support the recommendations of these commissions, including through its budget proposals each year.

The FY23 budget invests more than \$20 million in targeted DESE college and career pathway programs and maintains over \$30 million for a variety of other initiatives aligned with the recommendations of the Black Advisory Commission (BAC) and the Latino Advisory Commission (LAC). Investments include:

- \$23.1 million to increase access to higher education, immersive advising and coaching, and work-based learning experiences for high-school students in underserved communities through the Early College, Innovation Pathways, and Dual Enrollment programs
- \$4.8 million for the STEM Starter program across 15 community colleges to help increase participation in science, technology, engineering, and mathematics fields by under-represented student groups
- \$4.5 million to continue recruitment efforts to enroll more Black and Latino youth in Youth Works Summer Jobs and in broader employment opportunities
- \$5.9 M for adult basic education to provide training programs for adult learners, including English for speakers of other languages
- \$2.5 million for a grant program which invests in local entrepreneurs and supports workforce training initiatives through the Executive Office of Housing and Economic Development
- \$1.9 million to support the development of programs that support English-language acquisition while simultaneously preparing individuals for success in specific occupations for unemployed and underemployed individuals

House 2 also provides other investments which help implement BAC and LAC recommendations by supporting teacher diversity, small business development, financial literacy, job placement programming, and workforce training.



Further, as part of the Administration's ongoing efforts to increase access for diverse companies in state contracting, House 2 provides \$3.9 million to the Supplier Diversity Office (SDO) to continuing its work to ensure accountability and compliance with diversity goals, oversee agency diversity spending, and audit and review spending data

## **TRANSPORTATION**

With the ongoing pandemic continuing to impact transportation patterns and demand throughout Massachusetts, the Baker-Polito Administration has made thoughtful investments in the Commonwealth's transit systems to provide residents and visitors with access to safe, reliable, and effective travel options.

These ongoing changes have required strategic consideration and planning to ensure the Commonwealth is able to meet the current and future needs of its travelers. A historic influx of federal capital resources coming from the recently enacted Infrastructure Investment and Jobs Act (IIJA), totaling more than \$9.5 billion over the next five years, will provide Massachusetts the opportunity to make historic, far-reaching transportation investments and improvements.

The Administration is preparing to deploy more than \$120 million authorized in the IIJA to ramp up existing programs in FY23, including for highway performance, bridges, and rail, and to launch many new programs created in the legislation, such as resiliency initiatives, electrification infrastructure, and carbon reduction.

Massachusetts will also compete against other states for substantial additional funding through competitive discretionary grants. The House 2 budget includes \$3.4 million dollars for the Massachusetts Department of Transportation (MassDOT) to support the implementation of these new funds and execution of new and additional projects.

### ***MBTA***

While public transit ridership declined sharply across Massachusetts at the beginning of the COVID-19 pandemic and remains below pre-pandemic levels across the system, the Massachusetts Bay Transportation Authority (MBTA) has taken advantage of low demand to make improvements for the future. Throughout 2021, the MBTA accelerated construction and performed track and signal replacement work, power upgrades, and executed several major projects.

The House 2 budget continues support for the MBTA with \$1.512 billion in total funding. This includes an estimated consensus sales tax figure of \$1.325 billion, as well as \$187 million in operating assistance, a \$60 million increase above FY22, which provides enhanced flexibility for the MBTA. These investments complement the T's historic efforts to increase funding to address capital needs that improve service for riders. Under the Baker-Polito Administration, the MBTA has dramatically increased its annual capital spending, now routinely spending over \$1 billion in capital improvements each year.

This funding in combination with the availability of substantial one-time federal resources results in a positive financial outlook for the MBTA – the FY23 budget is projected to be in balance, with the potential to carry forward one-time resources to support future years or investments in additional capital projects. The MBTA will carefully implement these resources to ensure they are available to support the system as ridership returns and as new initiatives begin that will expand and improve service, including the Green Line Extension, South Coast Rail, Bus Network Redesign, and Fare Transformation.



## **MassDOT**

House 2 recommends \$456 million for MassDOT, a \$53 million (13%) increase above FY22. This recommendation provides operating resources to help MassDOT implement the many initiatives enabled by the IIJA funding and to fully utilize the increased federal funding, such as hiring more planners, project managers, and engineers.

This funding fully supports the Registry of Motor Vehicles, which processes 2.1 million in-person and 3.7 million online transactions annually for 6 million credential holders across its 28 service centers. It fully funds the Highway Division, which maintains nearly 9,600 lane-miles of roadway and 3,500 bridges, the Rail and Transit Division, which owns 14 rail lines totaling nearly 300 miles of track, and the Aeronautics Division, which supports 35 public-use general aviation airports.

An increase of \$1.6 million in MassDOT funding will increase the number of state bridge inspectors to expand statewide inspection coverage.

House 2 includes \$95 million for snow and ice operations, which supports up to 3,900 pieces of equipment used for winter storm response and snow removal.

The budget recommends \$94 million for the 15 Regional Transit Authorities (RTAs), which includes \$90.5 million in base funding and \$3.5 million in performance grants for RTAs that best demonstrate a commitment to service decisions, quality of service, and environmental sustainability. RTAs received approximately \$420 million across several major COVID-19 relief legislation, with more support expected from the IIJA, which will help sustain service to existing and returning customers.

## **ENERGY AND THE ENVIRONMENT**

The Baker-Polito Administration has taken bold steps to combat climate change and protect vulnerable communities since taking office in 2015, and Massachusetts remains a national leader in climate action.

In March 2021, Governor Baker signed *An Act Creating a Next-Generation Roadmap for Massachusetts Climate Policy*. This comprehensive, nation-leading legislation codified a commitment first made by Governor Baker in 2020 to achieve Net Zero emissions by 2050. The law also allows the Commonwealth to pursue ambitious emissions reduction goals in a cost-effective and equitable manner while creating jobs and opportunities for economic development throughout Massachusetts.

The climate policy reforms authorized in this legislation, in combination with a significant influx of federal resources to support environmental infrastructure projects, position Massachusetts to make historic investments to protect the natural environment, maintain critical environmental infrastructure across the state, address climate change, and advance the use and development of clean energy and energy efficiency.

The Administration is also helping to ensure that municipalities are prepared for climate change through initiatives such as the first-in-the-nation State Hazard Mitigation and Climate Adaptation Plan, which comprehensively integrates climate change impacts and adaptation strategies with hazard mitigation planning, and the Municipal Vulnerability Preparedness Program (MVP), which has awarded more than \$65 million in grants to identify vulnerabilities to climate change and implement projects that build local resilience.

The FY23 budget builds upon this progress and recommends a total investment of \$337.2 million for the Executive Office of Energy and Environmental Affairs (EOEEA).



House 2 includes \$2.3 million to fully fund EOEAA's responsibilities associated with the 2021 Climate Bill and \$300,000 to elevate Massachusetts' presence in offshore wind by creating a central point of contact for federal agencies, international partners, other states, developers, manufacturers, and municipalities.

The recommendation includes \$1.3 million to expand the Swim Safe Massachusetts program, which was launched in summer 2021 in partnership with Boys and Girls Clubs, YMCAs, and local schools across the state to enhance and promote water safety.

The House 2 proposal supports food security for residents across the Commonwealth with \$30.5 million for the Massachusetts Emergency Food Assistance Program, which will provide more than 27.4 million nutritious meals for individuals and families. An additional \$40 million in federal ARPA funding was allocated to food security initiatives and infrastructure in the December 2021 bill signed by Governor Baker.

The FY23 budget also proposes \$4 million for the Summer Nights program, which since 2015 has provided free youth-based programs for thousands of at-risk teens and young adults in urban areas across the Commonwealth, partnering with more than 50 youth organizations at nearly 80 locations statewide. This increase of \$2.7 million (208%) above the FY22 funding level will allow the program to significantly expand its offerings in the summers of 2022 and 2023 to engage more youths across the state.

## **CRIMINAL JUSTICE AND PUBLIC SAFETY**

House 2 continues to support the Executive Office of Public Safety and Security (EOPSS) in its focus on crime prevention, homeland security and emergency preparedness, and ensuring the safety of residents and visitors in the Commonwealth.

The budget recommends \$1.4 billion in total funding for EOPSS, an \$85.1 million (6%) increase above FY22. The Administration has increased funding for EOPSS by \$367.2 million (35%) since 2015, which has supported investments to help law enforcement and first responders face increasingly complex public safety challenges and to increase transparency and accountability. For the first time, the budget includes \$450 K to create a rotational internship program to bring individuals from diverse backgrounds into public service, investing in the next generation of public safety leadership.

The House 2 budget fully funds the implementation of the comprehensive police reform law signed by Governor Baker in December 2020, including \$8 million for the Municipal Police Training Commission (MPTC) to implement bridge academies that ensure uniform standards for all officers in the Commonwealth, expand training capacity, and annualize training requirements such as de-escalation and school resource officer trainings. House 2 also includes \$5.8 million for new appropriations supporting the Peace Officer Standards and Training (POST) Commission and four other commissions created in the Police Reform bill.

House 2 recommends \$775.6 million for the Department of Correction (DOC), which supports significant investments in inmate benefit programs and client services. The proposal includes \$201 million for medical and mental health contract costs and \$22 million for services through the Massachusetts Alcohol and Substance Abuse Center.

The FY23 budget includes \$78.3 million in total funding for re-entry and diversion programming across the Commonwealth, a \$42.6 million (120%) increase since 2015. This funding will be complemented by more than \$11 million in federal funding through the American Rescue Plan Act. The budget also proposes eliminating all parole and probation fees, building upon the 2018 Criminal Justice Reform legislation which eliminated fees for parolees on supervision for less than a year.



\$443.9 million is recommended for the Massachusetts State Police. This funding includes \$14.3 million to bring on 175 recruits in the 88th Recruit Training Troop (RTT) and support the 87<sup>th</sup> RTT, which is slated to graduate 175 new troopers in 2022. The Administration has provided funding for a new state police class each fiscal year since coming into office in 2015.

House 2 proposes \$4.6 million for the Massachusetts Emergency Management Agency (MEMA), which has played a key role in the response to COVID-19, including PPE warehousing and distribution, food security efforts, and coordination with the Federal Emergency Management Agency (FEMA) on behalf of all Commonwealth entities. This funding will allow MEMA to continue emergency planning and preparedness efforts, support of local emergency management, and logistics and commodities distribution.

The budget proposes \$23.3 million for the Office of the Chief Medical Examiner, an increase of \$4.5 million (24%) above FY22, to increase regional access to services and enhance staffing levels, supporting 24/7/365 coverage across the state.

The budget also invests \$2 million to establish a state program modeled off the Department of Justice's Project Safe Neighborhood grant program, which brings together law enforcement officials and community leaders to identify the most pressing violent crime problems in a community and develop comprehensive solutions to address those issues.

Other public safety investments in House 2 include:

- \$689.1 million for the fourteen Sheriff's Departments in Massachusetts
- \$69.9 million to maintain clinical services at Bridgewater State Hospital
- \$34.8 million to support the Department of Fire Services
- \$21.6 million for the supervision of parolees leaving custody and returning to local communities
- \$12.3 million in funding for the Shannon Grant program to fund anti-gang and youth violence prevention efforts
- \$10.4 million to fully fund tuition and fee waivers for National Guard members
- \$3.7 million to fund the Body-Worn Camera program for all sworn members of the Massachusetts State Police, or approximately 2,300 officers

## **SECURING AND MODERNIZING GOVERNMENT IT**

Improving the state's IT infrastructure to mitigate cybersecurity risks and optimize digital service capabilities has been a priority of the Baker-Polito Administration, as demonstrated by its action to elevate the Executive Office of Technology Services and Security (EOTSS) to a cabinet-level secretariat in 2017.

The COVID-19 pandemic has since highlighted the importance of reliable IT systems for the continuity of critical government services. Technology has proven instrumental to not only meeting the evolving needs of a hybrid state workforce, but also in responding to public needs related to the COVID-19 pandemic.

This response has included deploying a pre-registration system to support the Commonwealth's vaccination efforts, developing and operating the VaxMillions Giveaway website, maintaining AlertsMA Resident Connect to support public health messaging campaigns, and developing the My Vax Records tool to help residents access their COVID-19 digital vaccine card.

The House 2 budget recommends \$164.1 million in estimated spending by the Executive Office of Technology Services and Security (EOTSS) to support the Commonwealth's evolving technology



needs and allow for the effective administration of programs across the state. Initiatives supported in FY23 include:

- Management of Cyber Security Operations Center (SOC)
- Continued migration of applications and infrastructure to cloud, third-party on-premise, and Software as a Service (SaaS)
- Continuation of EOTSS customer engagement initiative to enhance IT and security service offerings across Commonwealth agencies
- IT strategy consulting services in support of priority state agency and cross-secretariat initiatives
- Business intelligence (BI) and data analytics support for agencies
- Centralized software and IT contract compliance program

The FY23 budget also establishes a new Cybersecurity and Resiliency Trust Fund, which will serve as a sustainable funding source for technology needs that support the efficacy and security of critical government systems and the equipment supporting them.

## **Conclusion**

For the past seven years, the Baker-Polito Administration has focused on making investments that help Massachusetts' families and communities grow and thrive. Through careful management of the Commonwealth's tax dollars, the Administration has been able to partner with the Legislature to grow the Stabilization Fund to historic levels, without broad-based tax increases on residents.

The Administration's FY23 budget proposal sustains this approach, making key investments to support the Commonwealth's economy, schools, and communities. At the same time, the Administration continues to build up the state's reserves and is also able to propose a comprehensive tax cut proposal targeted toward providing relief to low-income families and residents.

The Baker-Polito Administration is pleased to offer this budget to the Legislature and looks forward to working together to develop a final Fiscal Year 2023 spending plan.



